

ANNUAL STATEMENT

For the Year Ending December 31, 2010

OF THE CONDITION AND AFFAIRS OF THE

Paramount Care of Michigan

NAIC Group Code	1212	1212	NAIC Company Code	95566	Employer's ID Number	38-3200310
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	12/16/1993		Commenced Business	06/07/1996		
Statutory Home Office	106 Park Place		Dundee, MI 48131			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office			106 Park Place			
			(Street and Number)			
	Dundee, MI 48131		(734)529-7800			
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Mail Address	106 Park Place		Dundee, MI 48131			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records			1901 Indian Wood Circle			
			(Street and Number)			
	Maumee, OH 43537		(419)887-2500			
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Mary Kathereen Siefke, Mrs.		(419)887-2909			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	mary.siefke@promedica.org		(419)887-2020			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title
John Charles Randolph Mr.	Chairman
John Charles Randolph Mr.	President
Kathleen Sheline Hanley Mrs.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary

OTHERS

John David Meier M.D.  
Mark Henry Moser Mr.

Jeffrey William Martin Mr.

DIRECTORS OR TRUSTEES

Thomas Mark Sexton Mr.  
John Charles Randolph Mr.  
Richard Arthur Wasserman Mr.

Thomas Philip Cox M.D.  
Kent Edward Bishop Dr.

State ofMichigan

County ofMonroe

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The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
John Charles Randolph, Mr.	Jeffrey William Martin	Jeffrey Craig Kuhn
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	VP, Operations & Finance	Secretary
(Title)	(Title)	(Title)
Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[ ]
day of , 2011	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....				
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....2,768,800 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....9,469,618 Schedule DA) .....	12,238,418		12,238,418	14,064,065
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives .....				
8.	Other invested assets (Schedule BA) .....				
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	12,238,418		12,238,418	14,064,065
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....				699
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	50,423	4,023	46,400	97,356
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums .....				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....				
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....				30,677
18.1	Current federal and foreign income tax recoverable and interest thereon .....				
18.2	Net deferred tax asset .....	397,298	261,521	135,777	84,338
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....				
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....	387,399	18,130	369,269	107,703
24.	Health care (\$.....60,363) and other amounts receivable .....	80,431	20,068	60,363	88,220
25.	Aggregate write-ins for other than invested assets .....	1,500	1,500		
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	13,155,469	305,242	12,850,227	14,473,058
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	Total (Lines 26 and 27) .....	13,155,469	305,242	12,850,227	14,473,058
DETAILS OF WRITE-INS					
1101.	.....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Prepaid rent .....	1,500	1,500		
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,500	1,500		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	2,587,596		2,587,596	2,837,718
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	81,368		81,368	116,000
4.	Aggregate health policy reserves .....	66,485		66,485	142,634
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	252,537		252,537	520,277
9.	General expenses due or accrued .....	1,061,920		1,061,920	89,918
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	293,661		293,661	216,408
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	177,254		177,254	2,058
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
20.	Reinsurance in unauthorized companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....	53,556		53,556	
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24.	TOTAL Liabilities (Lines 1 to 23) .....	4,574,377		4,574,377	3,925,013
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
26.	Common capital stock .....	X X X	X X X	10,000	10,000
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	9,990,000	9,990,000
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	(1,724,150)	548,045
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	8,275,850	10,548,045
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	12,850,227	14,473,058
DETAILS OF WRITE-INS					
2301.	.....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	66,297	74,503
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	32,823,441	33,916,216
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	32,823,441	33,916,216
Hospital and Medical:				
9.	Hospital/medical benefits .....		23,319,598	24,483,210
10.	Other professional services .....		206,714	243,316
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		1,666,516	1,888,180
13.	Prescription drugs .....		4,077,848	4,500,346
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....		29,270,676	31,115,052
Less:				
17.	Net reinsurance recoveries .....		346	16,875
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		29,270,330	31,098,177
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....66,070 cost containment expenses .....		94,938	207,350
21.	General administrative expenses .....		2,855,627	2,000,982
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		32,220,895	33,306,509
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	602,546	609,707
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		(3,164)	29,811
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27.	Net investment gains (losses) (Lines 25 plus 26) .....		(3,164)	29,811
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	599,382	639,518
31.	Federal and foreign income taxes incurred .....	X X X .....	461,688	149,057
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	137,694	490,461
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	Loss on sale of fixed assets .....			
2902.	Loss on fixed assets .....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	10,548,045	10,119,234
34.	Net income or (loss) from Line 32 .....	137,694	490,461
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	312,960	(100,303)
39.	Change in nonadmitted assets .....	(222,849)	(26,347)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....	(2,500,000)	
47.	Aggregate write-ins for gains or (losses) in surplus .....		65,000
48.	Net change in capital and surplus (Lines 34 to 47) .....	(2,272,195)	428,811
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	8,275,850	10,548,045
DETAILS OF WRITE-INS			
4701.	Audit adjustment .....		65,000
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		65,000

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	32,579,610	33,968,764
2.	Net investment income .....	(2,465)	38,958
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	32,577,145	34,007,722
5.	Benefit and loss related payments .....	29,484,895	31,939,607
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	1,928,961	2,383,539
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	384,435	711,639
10.	Total (Lines 5 through 9) .....	31,798,291	35,034,785
11.	Net cash from operations (Line 4 minus Line 10) .....	778,854	(1,027,063)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....	9,436,232	
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	9,436,232	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....	9,436,232	
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	9,436,232	
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....	2,500,000	
16.6	Other cash provided (applied) .....	(104,501)	398,278
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(2,604,501)	398,278
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,825,647)	(628,785)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	14,064,065	14,692,850
19.2	End of year (Line 18 plus Line 19.1) .....	12,238,418	14,064,065

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	32,823,441	18,356,399					14,467,042			
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....										X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6) .....	32,823,441	18,356,399					14,467,042			
8.	Hospital/medical benefits .....	23,319,598	12,285,877					11,033,721			X X X .....
9.	Other professional services .....	206,714	77,033					129,681			X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....	1,666,516	1,018,270					648,246			X X X .....
12.	Prescription drugs .....	4,077,848	2,703,042					1,374,806			X X X .....
13.	Aggregate write-ins for other hospital and medical .....										X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....										X X X .....
15.	Subtotal (Lines 8 to 14) .....	29,270,676	16,084,222					13,186,454			X X X .....
16.	Net reinsurance recoveries .....	346	346								X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	29,270,330	16,083,876					13,186,454			X X X .....
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....66,070 cost containment expenses .....	94,938	49,044					45,894			
20.	General administrative expenses .....	2,855,627	1,371,722					1,483,905			
21.	Increase in reserves for accident and health contracts .....										X X X .....
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	32,220,895	17,504,642					14,716,253			
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	602,546	851,757					(249,211)			
DETAILS OF WRITE-INS											
0501.	.....										X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X .....
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	18,552,066		195,667	18,356,399
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	14,489,488		22,446	14,467,042
7.	Title XIX - Medicaid .....				
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	33,041,554		218,113	32,823,441
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	33,041,554		218,113	32,823,441



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	29,485,241	16,302,487					13,182,754			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	346	346								
1.4 Net .....	29,484,895	16,302,141					13,182,754			
2. Paid medical incentive pools and bonuses .....										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	2,587,596	1,326,381					1,261,215			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	2,587,596	1,326,381					1,261,215			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....										
6. Net healthcare receivables (a) .....	(35,557)	(36,327)					770			
7. Amounts recoverable from reinsurers December 31, current year ..										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	2,837,718	1,580,973					1,256,745			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	2,837,718	1,580,973					1,256,745			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....										
11. Amounts recoverable from reinsurers December 31, prior year .....										
12. Incurred benefits:										
12.1 Direct .....	29,270,676	16,084,222					13,186,454			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	346	346								
12.4 Net .....	29,270,330	16,083,876					13,186,454			
13. Incurred medical incentive pools and bonuses .....										

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	634,409	389,234					245,175			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	634,409	389,234					245,175			
2. Incurred but Unreported:										
2.1 Direct .....	1,953,187	937,147					1,016,040			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	1,953,187	937,147					1,016,040			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	2,587,596	1,326,381					1,261,215			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	2,587,596	1,326,381					1,261,215			

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	1,348,510	14,953,631	44,165	1,282,216	1,392,675	1,580,973
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	688,935	12,493,819	14,658	1,246,557	703,593	1,256,745
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	2,037,445	27,447,450	58,823	2,528,773	2,096,268	2,837,718
10.	Healthcare receivables (a) .....		80,431				115,988
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....						
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	2,037,445	27,367,019	58,823	2,528,773	2,096,268	2,721,730

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	2,762	2,811	2,820	2,820	2,669
2.	2006 .....	26,684	30,396	30,420	30,417	30,417
3.	2007 .....	X X X	27,158	32,894	32,885	32,887
4.	2008 .....	X X X	X X X	26,272	29,016	29,013
5.	2009 .....	X X X	X X X	X X X	29,254	31,443
6.	2010 .....	X X X	X X X	X X X	X X X	27,448

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	2,844	2,811	2,820	2,820	2,669
2.	2006 .....	30,628	30,439	30,420	30,417	30,417
3.	2007 .....	X X X	33,075	32,956	32,885	32,887
4.	2008 .....	X X X	X X X	29,901	29,065	29,013
5.	2009 .....	X X X	X X X	X X X	32,003	31,502
6.	2010 .....	X X X	X X X	X X X	X X X	29,977

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2006 .....	34,470	30,417	432	1.420	30,849	89.495			30,849	89.495
2.	2007 .....	35,543	32,887	452	1.374	33,339	93.799			33,339	93.799
3.	2008 .....	34,389	29,013	363	1.251	29,376	85.423			29,376	85.423
4.	2009 .....	33,916	31,443	269	0.855	31,712	93.501	59		31,771	93.675
5.	2010 .....	32,823	27,448	113	0.413	27,561	83.970	2,529	81	30,171	91.922

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)  
Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	1,931	1,951	1,959	1,959	1,958
2.	2006 .....	18,183	21,107	21,128	21,125	21,125
3.	2007 .....	X X X	18,286	23,109	23,093	23,096
4.	2008 .....	X X X	X X X	17,281	19,132	19,134
5.	2009 .....	X X X	X X X	X X X	18,022	19,366
6.	2010 .....	X X X	X X X	X X X	X X X	14,954

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	1,985	1,951	1,959	1,959	1,958
2.	2006 .....	21,244	21,135	21,128	21,125	21,125
3.	2007 .....	X X X	23,044	23,152	23,093	23,096
4.	2008 .....	X X X	X X X	19,644	19,208	19,134
5.	2009 .....	X X X	X X X	X X X	19,527	19,410
6.	2010 .....	X X X	X X X	X X X	X X X	16,236

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2006 .....	24,277	21,125	380	1.799	21,505	88.582			21,505	88.582
2.	2007 .....	25,543	23,096	403	1.745	23,499	91.998			23,499	91.998
3.	2008 .....	22,610	19,134	315	1.646	19,449	86.019			19,449	86.019
4.	2009 .....	20,773	19,366	203	1.046	19,569	94.202	44		19,613	94.414
5.	2010 .....	18,356	14,954	62	0.417	15,016	81.807	1,282	42	16,340	89.019

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)  
Medicare Supplement  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....					
2.	2006 .....					
3.	2007 .....	X X X .....				
4.	2008 .....	X X X .....	X X X .....			
5.	2009 .....	X X X .....	X X X .....	X X X .....		
6.	2010 .....	X X X .....	X X X .....	X X X .....	X X X .....	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....					
2.	2006 .....					
3.	2007 .....	X X X .....				
4.	2008 .....	X X X .....	X X X .....			
5.	2009 .....	X X X .....	X X X .....	X X X .....		
6.	2010 .....	X X X .....	X X X .....	X X X .....	X X X .....	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2006 .....										
2.	2007 .....										
3.	2008 .....										
4.	2009 .....										
5.	2010 .....										

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only ..... NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP ..... NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	831	860	861	861	711
2.	2006 .....	8,501	9,289	9,292	9,292	9,292
3.	2007 .....	X X X	8,872	9,785	9,792	9,791
4.	2008 .....	X X X	X X X	8,991	9,884	9,879
5.	2009 .....	X X X	X X X	X X X	11,232	12,077
6.	2010 .....	X X X	X X X	X X X	X X X	12,494

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior .....	859	860	861	861	711
2.	2006 .....	9,384	9,304	9,292	9,292	9,292
3.	2007 .....	X X X	10,031	9,804	9,792	9,791
4.	2008 .....	X X X	X X X	10,257	9,857	9,879
5.	2009 .....	X X X	X X X	X X X	12,476	12,092
6.	2010 .....	X X X	X X X	X X X	X X X	13,741

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2006 .....	10,193	9,292	52	0.560	9,344	91.671			9,344	91.671
2.	2007 .....	10,000	9,791	49	0.500	9,840	98.400			9,840	98.400
3.	2008 .....	11,779	9,879	48	0.486	9,927	84.277			9,927	84.277
4.	2009 .....	13,143	12,077	66	0.549	12,143	92.394	15		12,158	92.508
5.	2010 .....	14,467	12,494	51	0.408	12,545	86.715	1,247	39	13,831	95.604



12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income .....	66,485						66,485		
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	66,485						66,485		
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	66,485						66,485		
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....	2,153	1,543	15,589		19,285
2.	Salaries, wages and other benefits .....	61,821	26,770	1,647,754		1,736,345
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			503,782		503,782
4.	Legal fees and expenses .....			5,693		5,693
5.	Certifications and accreditation fees .....			635		635
6.	Auditing, actuarial and other consulting services .....	169	448	342,707		343,324
7.	Traveling expenses .....	29	7	12,400		12,436
8.	Marketing and advertising .....			194,603		194,603
9.	Postage, express and telephone .....	59	1	13,866		13,926
10.	Printing and office supplies .....	164	15	16,147		16,326
11.	Occupancy, depreciation and amortization .....	37	27	4,052		4,116
12.	Equipment .....	5		18,505		18,510
13.	Cost or depreciation of EDP equipment and software .....			7,529		7,529
14.	Outsourced services including EDP, claims, and other services .....	107	57	25,527		25,691
15.	Boards, bureaus and association fees .....	6		1,610		1,616
16.	Insurance, except on real estate .....					
17.	Collection and bank service charges .....			27,376		27,376
18.	Group service and administration fees .....	1,520		131		1,651
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....			412		412
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....			6,279		6,279
23.3	Regulator authority licenses and fees .....					
23.4	Payroll taxes .....			11,015		11,015
23.5	Other (excluding federal income and real estate taxes) .....			15		15
24.	Investment expenses not included elsewhere .....				10,593	10,593
25.	Aggregate write-ins for expenses .....					
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	66,070	28,868	2,855,627	10,593	(a) 2,961,158
27.	Less expenses unpaid December 31, current year .....	55,330	26,038	1,061,920		1,143,288
28.	Add expenses unpaid December 31, prior year .....	81,200	34,800	89,918		205,918
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	91,940	37,630	1,883,625	10,593	2,023,788
DETAILS OF WRITE-INS						
2501.	.....					
2502.	.....					
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....					

(a) Includes management fees of \$.....1,474,762 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....	.....
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	770	770
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e) 7,357	6,659
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	8,127	7,429
11.	Investment expenses .....	.....	(g) 10,593
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g) .....
13.	Interest expense .....	.....	(h) .....
14.	Depreciation on real estate and other invested assets .....	.....	(i) .....
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	Total deductions (Lines 11 through 15) .....	.....	10,593
17.	Net Investment income (Line 10 minus Line 16) .....	.....	(3,164)
DETAILS OF WRITE-INS			
0901.	0 .....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....			
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	4,023	53,125	49,102
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....			
18.2	Net deferred tax asset .....	261,521		(261,521)
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....			
21.	Furniture and equipment, including health care delivery assets .....			
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....	18,130		(18,130)
24.	Health care and other amounts receivable .....	20,068	27,768	7,700
25.	Aggregate write-ins for other than invested assets .....	1,500	1,500	
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	305,242	82,393	(222,849)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	Total (Lines 26 and 27) .....	305,242	82,393	(222,849)
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	Prepaid rent .....	1,500	1,500	
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,500	1,500	

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	2,594	2,547	2,518	2,510	2,509	30,279
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....	3,425	3,216	2,952	2,838	2,749	36,018
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	6,019	5,763	5,470	5,348	5,258	66,297
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

Notes to Financial Statements

1. Summary of Significant Accounting Principles

A. Accounting Practices

The financial statements of Paramount Care of Michigan (the “Company”) are presented on a basis of accounting practices prescribed by the Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services.

The Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services recognizes only statutory accounting practices prescribed by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Michigan.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	State of Domicile Michigan	2010	2009
<b>NET INCOME</b>			
Paramount Care of Michigan state basis		137,694	490,461
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		137,694	490,461
<b>SURPLUS</b>			
Paramount Care of Michigan state basis		8,275,850	10,548,045
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		8,275,850	10,548,045

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- 1. Short-term investments are stated at amortized cost.
- 2. Bonds are stated at amortized cost.
- 3. Common stock investments are stated at fair market value.
- 4. The Company has no preferred stock investments.

Notes to Financial Statements

- 5. The Company does not invest in mortgage loans.
- 6. The Company has no investments in loan-backed securities.
- 7. The Company has no investments in subsidiaries.
- 8. The Company has no investments in joint ventures.
- 9. The Company does not invest in derivatives.
- 10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
- 11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
- 12. The Company modified its capitalization policy in the current year to those qualifying expenses over \$2,500.
- 13. The Company estimates its pharmaceutical rebate receivables based on historical recoveries per script and the number of scripts written.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.
- E. The company does not have any re-purchase agreements.
- F. The company does not have any real estate investments

6. Joint Ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

The Company does not have any nonadmitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes



Notes to Financial Statements

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2010.

A. -Components of Deferred Tax Assets (“DTA’s”) and Deferred Tax Liabilities (“DTL’s”) as of December 31, 2010and 2009 are as follows:

	12/31/2010			12/31/2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 397,298		\$ 397,298	\$ 84,338		\$ 84,338	\$ 312,960	\$ -	\$ 312,960
Statutory valuation allowance	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	397,298	-	397,298	84,338	-	84,338	312,960	0	312,960
Gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
Net deferred tax asset	397,298	-	397,298	84,338	-	84,338	312,960	-	312,960
Total Deferred tax assets nonadmitted	261,521	-	261,521		-	-	261,521	-	261,521
Net admitted deferred tax assets	\$ 135,777	\$ -	\$ 135,777	\$ 84,338	\$ -	\$ 84,338	\$ 51,439	\$ -	\$ 51,439

The Company has not elected to admit DTA's pursuant to SSAP 10R, paragraph 10.e in 2010 or 2009.

The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 10R:

	2010			2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.a.	\$ 135,777		135,777	\$ 84,338		84,338	51,439	-	51,439
SSAP No. 10R, Paragraph 10.b. (the lessor of paragraph 10.b.i and 10.b.ii. below)	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.b.i.	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.b.ii.	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.c.	-	-	-		-	-	-	-	-
Total	\$ 135,777	\$ -	\$ 135,777	\$ 84,338	\$ -	\$ 84,338	\$ 51,439	\$ -	\$ 51,439
SSAP No. 10R, Paragraph 10.e.i..			-			-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii. (the lessor of paragraph 10.e.ii.a and 10.e.ii.b below)	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.a.	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.b.	-	-	-		-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.iii.	-	-	-		-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Used in SSAP No. 10R, Paragraph 10.d.

Total Adjusted Capital	\$ 8,275,850		\$ 10,548,045		\$ (2,272,195)
Authorized Control Level	\$ 1,997,543		\$ 2,089,452		\$ (91,909)

Notes to Financial Statements

	2010			2009			Change			
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	
SSAP No.10R, Paragraphs 10.a., 10.b., and 10.c										
Admitted DTAs	\$	135,777	\$	135,777	\$	84,338	\$	51,439	\$	51,439
Admitted Assets		12,850,227		12,850,227		14,573,058		(1,722,831)		(1,722,831)
Adjusted Statutory Surplus		8,275,850		8,275,850		10,548,045		(2,272,195)		(2,272,195)
Total Adjusted Capital from DTAs		8,275,850		8,275,850		10,548,045		(2,272,195)		(2,272,195)
Increase due to SSAP No.10R, Paragraph 10.e.										
Admitted DTAs	-	-	-	-	-	-	-	-	-	
Admitted Assets	-	-	-	-	-	-	-	-	-	
Statutory Surplus	-	-	-	-	-	-	-	-	-	

	2010		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies	-	-	-
Adjusted Gross DTAs	-	-	-
(% Total Adjusted Gross DTAs)			
Net Admitted Adjusted Gross DTAs	-	-	-
(% of Total Net Admitted Adjusted Gross DTAs)			

- B.** -There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2010 and 2009.
- C.** -Current income taxes incurred consisted of the following major components at December 31, 2010 and 2009 are as follows:

Notes to Financial Statements

	12/31/2010	12/31/2009	Change
Current Income Tax			
Federal	\$ 532,395	\$ 199,683	\$ 332,712
Federal income tax on capital gains			-
Utilization of capital loss carry-forwards			-
Other	(70,707)	(50,626)	(20,081)
Federal income taxes incurred	\$ 461,688	\$ 149,057	\$ 312,631
Deferred tax assets:			
Ordinary			
Unearned premiums	\$ 17,678	\$ 36,420	\$ (18,742)
Discounting on claims payable	16,074	20,340	(4,266)
Premium deficiency reserve			-
Basis difference in fixed assets			-
Allowance for doubtful accounts			-
Prepaid insurance			-
Other	363,546	27,578	335,968
Subtotal	397,298	84,338	312,960
Nonadmitted	(261,521)		(261,521)
Admitted ordinary deferred tax assets	135,777	84,338	51,439
Capital			
Unrealized loss	-	-	-
Subtotal	-	-	-
Nonadmitted	-	-	-
Admitted capital deferred tax assets	-	-	-
Admitted deferred tax assets	135,777	84,338	51,439
Deferred tax liabilities:			
Ordinary			
Basis difference in fixed assets	-	-	-
Subtotal	-	-	-
Capital			
Unrealized gain	-	-	-
Subtotal	-	-	-
Deferred tax liabilities	\$ -	\$ -	\$ -
Net deferred tax assets/liabilities	\$ 135,777	\$ 84,338	\$ 51,439

D.-Analysis of Actual Income Tax Expense

The Company’s income tax expense differs from the amount obtained by applying the statutory rate of 35% to pretax net income for the following reasons at December 31:

	2010	%	2009	%
Provision computed at statutory rate	\$ 209,784	35 %	\$ 223,831	35 %
Other	(60,856)	(10)	25,530	4
Total	\$ 148,928	25 %	\$ 249,361	39%
Federal income taxes incurred	\$ 461,888	77 %	\$ 149,057	23 %
Change in net deferred income taxes	(312,960)	(52)	100,304	16
Total statutory income taxes	\$ 148,928	25 %	\$ 249,361	39 %

E.-At December 31, 2010 and 2009, the Company had no operating loss carryforwards to utilize in future years. The following is income tax incurred for 2008, 2009 and 2010 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2008	\$ 746,641		\$ 746,641
2009	168,728		168,728
2010	567,394		567,394

F.-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO) and Paramount Enhanced Care Management (PECM). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

For the years ended December 31, 2010 and 2009, the Company did not have tax contingencies under the principles of SSAP No. 5.

The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2006 remain open to examination by the Internal Revenue Service, and 2005 remains open to other state and local tax authorities. As of December 31, 2010, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s affiliates include PICO, PPO, PCI, PBA, PECM and PA. The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital, Herrick Memorial Hospital and St. Luke’s Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2010 and 2009 the Company was allocated general administrative expenses of \$582,630 and \$746,363.

Promedica allocates corporate overhead to all Promedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$892,132 and \$819,041 of overhead expense in 2010 and 2009, respectively. The amount is to compensate Promedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2010 and 2009

	2010		2009	
	Due from	Due to	Due from	Due to
Paramount Health Care	\$ 368,053		\$ 107,703	
Lenewee Health Alliance	1,217			
Paramount Insurance Company		(177,122)		(2,040)
Promedica Health System		(132)		
The Toledo Hospital				(18)
	<u>\$ 369,270</u>	<u>\$ (177,254)</u>	<u>\$ 107,703</u>	<u>\$ (2,058)</u>

Premiums billed to affiliated entities during fiscal year 2010 and 2009

	2010	2009
	Premiums	Premiums
Lenewee Health Alliance	\$ 8,692,628	\$ 8,037,248

Notes to Financial Statements

Claims paid to affiliated entities during fiscal year 2010 and 2009

	2010	2009
Bay Park Community Hospital	\$102,796	\$179,094
Defiance Hospital	10	610
Flower Hospital	2,328,074	2,915,076
Fostoria Hospital	7,961	
ProMedica North Region	4,144,258	4,176,228
Promedica Physicians Group	964,531	995,385
ProMedica Continuing Care Services	591,174	424,857
St. Lukes Hospital	59,266	
The Toledo Hospital	5,420,645	6,148,521
Total	\$13,618,715	\$14,839,771

11. Debt
- NOT APPLICABLE
12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Plans
- NOT APPLICABLE
13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations
- A. The Company has 60,000 shares authorized and 1 share issued and outstanding.
- B. The Company has no preferred stock.
- C. During 2010, \$809,796 in ordinary dividends and \$1,690,204 in extraordinary dividends were paid to ProMedica Insurance Corporation. No dividends were paid to shareholders during 2009.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company’s surplus.
- F. The Company did not receive any capital contributions in 2010 or 2009.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.
- I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is zero.
- J. The Company has no surplus debentures or other outstanding obligations.
- K. The Company was not involved in a quasi-reorganization during the year.
14. Contingencies
- Risk Adjustment Data Validation Audits (“RADV audits”).** CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their

Notes to Financial Statements

medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. To date, the Company has not been selected for audit by CMS. Payment years open for audit include 2007 to 2010.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the “error rate” identified in audit samples. The Company has submitted comments to CMS regarding concerns the Company has with CMS’s proposed methodology. On February 3, 2011, CMS notified the Company that CMS was evaluating all comments received on the proposed methodology and that it anticipated making changes to the draft, based on input CMS had received. CMS also indicated that it anticipated the final methodology would be issued in the near future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the Company’s results of operations, financial position and cash flows.

The Company is also in discussions with the Office of the Inspector General (“OIG”) for Health and Human Services regarding audits of the Company’s risk adjustment data for 2006 that were used to determine 2007 payments. While the Company does not believe OIG has governing authority to directly impose payment adjustments for risk adjustment audits of Medicare health plans operated under the regulatory authority of CMS, the OIG can recommend to CMS a proposed payment adjustment.

Estimates of probable costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; represent a shift in regulatory policy; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company has made certain assumptions regarding the probable outcome of the OIG and CMS conducted RADV audits. The total contingent reserve for all RADV audits is approximately \$999,404 as of December 31, 2010.

15. Leases

The Company has entered into lease agreements for office space and office equipment. Rental expense charged to operations amounted to \$21,034 and \$19,906 in 2010 and 2009, respectively.

At December 31, 2010, the minimum aggregate rental commitments are as follows:

Year Ending December 31,

2011	\$2,595
2012	\$2,379

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentration of Risk:

-NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Notes to Financial Statements

-NOT APPLICABLE

18. Gains or Loss from Uninsured A&H Plans and the Uninsured Portion or Partially Insured Plans

-NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

-NOT APPLICABLE

20. Fair Value Measurements

-NOT APPLICABLE

21. Other Items

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

22. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

- 1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
- 2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

- 1. The company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- 2. The company does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3

- 1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is zero.
- 2. No new agreements have been executed or existing agreements amended since January 1, 2010 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

Notes to Financial Statements

- B.

The Company does not have any uncollectible reinsurance recorded on its books.
- C.

The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2009 were \$2,953,718. As of December 31, 2010, \$2,053,992 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$58,823 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare lines of insurance. Therefore, there has been an \$840,903 favorable prior-year development since December 31, 2009 to December 31, 2010. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

The Company estimates its pharmaceutical rebate receivables based on historical recoveries per script and the number of scripts written.

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates Received within 90 days of billing	Actual Rebates Received within 91-180 days of billing	Actual Rebates Received More than 180 days after billing
12/31/2010	80,430	80,430	-	-	-
9/30/2010	105,825	84,427	-	58,891	-
6/30/2010	111,804	82,328	-	82,317	11
3/31/2010	126,535	90,826	-	90,599	227
12/31/2009	115,988	109,903	-	108,924	979
9/30/2009	109,466	105,308	-	101,507	3,801
6/30/2009	120,496	106,638	-	101,653	4,984
3/31/2009	120,140	116,604	-	112,689	3,915
12/31/2008	120,275	142,512	-	142,367	146
9/30/2008	96,591	136,123	-	134,322	1,800
6/30/2008	96,034	136,639	-	134,644	1,995
3/31/2008	96,969	129,412	-	127,238	2,174

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

As of December 31, 2010 and 2009, the Company had no liability related to premium



Notes to Financial Statements

deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The Company did not have any salvage and subrogation in the current year.

32. Minimum Net Worth

Under the laws of the State of Michigan, the Plan is required to maintain a statutory certificate of deposit based on 5% of the net revenue from risk contracts plus an additional \$100,000 with a maximum of \$1,000,000. This amount is maintained in the cash balance on the asset page and is broken out separately on the schedule of special deposits. The statutory deposit was calculated as follows:

Net earned subscription revenue	\$32,823,441
	<u>X5%</u>
5% of revenue	\$ 1,641,172
Total required deposit	\$ 1,000,000
Actual deposited amount	\$ 1,000,000

Under the laws of the State of Michigan, the Plan is also required to maintain a working capital amount of greater than \$250,000. The working capital calculation is as follows:

Current Assets	\$11,850,227
Current Liabilities	<u>(\$4,574,377)</u>
Working Capital	\$7,275,850

The company is also expected to maintain a minimum net worth determined by using accounting procedures approved by the commissioner that ensure that a health maintenance organization is financially and actuarially sound. The commissioner takes into account the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine adequate compliance.

PCM Total Adjusted Capital	\$ 8,275,850
Company Action Level 200%	\$ 3,995,086
Regulatory Action Level 150%	\$ 2,996,315
Authorized Action Level 100%	\$ 1,997,543

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[ ]
- 2.2 If yes, date of change:

02/26/2010
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/21/2008
- 3.4 By what department or departments?  
OFIR
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[X] No[ ]
- 10.6 If response to 10.5 is "yes," provide information related to this exemption:  
Requirements waived as the Company does not meet the premium threshold.
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.8 If the answer to 10.7 is "NO" or "N/A" please explain:



GENERAL INTERROGATORIES (Continued)

24.27 Letter stock or securities restricted as to sale

24.28 On deposit with state or other regulatory body

24.29 Other

\$

\$

\$

0

1,000,000

0

24.3 For category (24.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

26.2 If yes, state the amount thereof at December 31 of the current year.

Yes[ ] No[X]

\$ 0

27. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[ ]

1	2
Name of Custodian(s)	Custodian's Address
The Bank of New York Mellon	Three Mellon Center, Suite153-3925, Pittsburg, PA

27.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

27.04 If yes, give full and complete information relating thereto:

Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

27.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address

28.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

28.2 If yes, complete the following schedule:

Yes[ ] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
28.2999 Total		

28.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

26.2

GENERAL INTERROGATORIES (Continued)

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1	Bonds .....	9,469,618	9,469,618	.....
29.2	Preferred stocks .....			.....
29.3	Totals .....	9,469,618	9,469,618	.....

29.4 Describe the sources or methods utilized in determining the fair values  
New York Stock Exchange, American Stock Exchange, NASDAQ, NAIC

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[ ]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[ ] N/A[ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
.....	.....

33.1 Amount of payments for legal expenses, if any?

\$..... 5,693

33.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
.....	.....

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

34.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid
.....	.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ ..... 0

1.62 Total incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ ..... 0

1.65 Total incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ ..... 0

1.72 Total incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ ..... 0

1.75 Total incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	32,823,441	33,916,216
2.2	Premium Denominator .....	32,823,441	33,916,216
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	2,654,081	2,980,352
2.5	Reserve Denominator .....	2,654,081	2,980,352
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X] N/A[ ]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 435,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The plan has held harmless provisions with network hospitals. The company's reinsurance contract does provide for payment of certain benefits for 30 days following an event of insolvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 1,200

8.2 Number of providers at end of reporting year

..... 1,209

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[ ] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 0

10.22 Amount actually paid for year bonuses

\$ ..... 0

10.23 Maximum amount payable withholds

\$ ..... 0

10.24 Amount actually paid for year withholds

\$ ..... 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ ..... 3,995,086

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

200% of RBC

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Lenewee .....
Monroe .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ ..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ ..... 0

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	12,850,227	14,473,058	15,613,184	16,522,223	12,574,133
2. TOTAL Liabilities (Page 3, Line 24) .....	4,574,377	3,925,013	5,493,950	7,783,770	6,252,814
3. Statutory surplus .....	3,995,086	4,178,904	3,984,498	4,315,344	4,064,818
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	8,275,850	10,548,045	10,119,234	8,738,453	6,321,319
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	32,823,441	33,916,216	34,388,725	35,542,880	34,469,375
6. TOTAL Medical and Hospital Expenses (Line 18) .....	29,270,330	31,098,177	29,745,279	32,818,366	30,439,205
7. Claims adjustment expenses (Line 20) .....	94,938	207,350	473,855	449,548	420,439
8. TOTAL Administrative Expenses (Line 21) .....	2,855,627	2,000,982	2,307,995	2,236,387	2,435,193
9. Net underwriting gain (loss) (Line 24) .....	602,546	609,707	1,861,596	38,579	1,174,538
10. Net investment gain (loss) (Line 27) .....	(3,164)	29,811	302,491	588,318	413,600
11. TOTAL Other Income (Lines 28 plus 29) .....					(15)
12. Net income or (loss) (Line 32) .....	137,694	490,461	1,372,701	368,757	1,021,332
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	778,854	(1,027,063)	(966,776)	1,979,706	2,416,891
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	8,275,850	10,548,045	10,119,234	8,738,453	6,321,319
15. Authorized control level risk-based capital .....	1,997,543	2,089,452	1,997,249	2,157,672	2,032,409
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	5,258	6,019	6,804	8,088	8,403
17. TOTAL Members Months (Column 6, Line 7) .....	66,297	74,503	84,272	96,882	100,420
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	89.2	91.7	86.5	92.3	88.3
20. Cost containment expenses .....	0.2	0.4	0.7	0.7	0.7
21. Other claims adjustment expenses .....	0.1	0.2	0.6	0.6	0.6
22. TOTAL Underwriting Deductions (Line 23) .....	98.2	98.2	94.6	99.9	96.6
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	1.8	1.8	5.4	0.1	3.4
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	2,096,268	2,781,979	5,830,605	3,782,244	2,844,142
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	2,721,730	3,570,585	5,865,757	3,944,464	3,032,861
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
		Active Status	2	3	4	5	6	7	8	9
State, Etc.			Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	18,552,066	14,489,488					33,041,554	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	18,552,066	14,489,488					33,041,554	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1	18,552,066	14,489,488					33,041,554	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: All individual policies are allocated based on residency which is in Michigan. Group policies are allocated based on the employment location. All groups are employed in Michigan.



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART

Paramount Care, Inc. is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system.

- ProMedica Foundation, an Ohio nonprofit corporation
- Academic Health Center Corporation, f/k/a ProMedica Health, Education and Research Corporation, an Ohio nonprofit corporation
- Fostoria Hospital Association, an Ohio nonprofit corporation
  - ◆ Fostoria Community Hospital Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation Foundation, an Ohio nonprofit corporation
- ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation .
  - ◆ ProMedica Physician Hospital Organization, Inc., an Ohio for-profit corporation and a wholly-owned subsidiary of ProMedica Physician Corporation
  - ◆ ProMedica Physician Group, Inc., an Ohio professional association
    - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
    - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
    - ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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- ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica South Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- Midwest Cardiovascular Consultants, LLC
- ProMedica Orthopedic Physicians, LLC
- ProMedica GI Physicians, LLC
- ProMedica Northwest Ohio Cardiology Consultants, LLC
- ProMedica Cardiothoracic Physicians, LLC
- ProMedica Hematology/Oncology Physicians, LLC
- ProMedica ENT, LLC
- ProMedica Monroe Cardiology, PLLC
- Wellcare Physicians Group, LLC
  
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Incorporated, an Ohio for-profit corporation
  - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation
    - Health Management Solutions, Inc.
  - ◆ NAIC 95189-OH-Paramount Care, Inc., an Ohio health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
- ◆ NAIC 95566-MI-Paramount Care of Michigan, Inc., a Michigan for-profit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
- ◆ NAIC 11518-OH-Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
- ◆ Paramount Enhanced Care Management Company, a corporation organized exclusively for charitable and educational purposes, a wholly-owned subsidiary of Promedica Insurance Corporation
- ◆ NAIC 12353-OH-Paramount Advantage, an Ohio corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
- ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation
  - ◆ Toledo District Nurse Association, an Ohio nonprofit corporation
  - ◆ ProMedica Courier Service, Inc.
  - ◆ Visiting Nurse Hospice & Health Care, an Ohio nonprofit corporation
  - ◆ ProMedica Retail Group, Inc. f/k/a The Flower Market, Inc.
  - ◆ The Pharmacy Counter, LLC
- ProMedica Continuing Care Services Corporation Foundation, an Ohio nonprofit corporation
- Bay Park Community Hospital, an Ohio nonprofit corporation
- Bay Park Community Hospital Foundation, an Ohio nonprofit corporation
- Defiance Hospital, Inc., an Ohio nonprofit corporation
- Defiance Hospital Foundation, an Ohio nonprofit corporation

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- ProMedica North Region, a Michigan nonprofit corporation
  - ◆ Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica North Region, Inc.
    - Bixby Community Health Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
  - ◆ Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and wholly-owned subsidiary of ProMedica North Region, Inc..
  - ◆ Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica North Region, Inc.
    - Herrick Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
  - ◆ Herrick Development Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica North Region, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children’s Hospital f/k/a ProMedica Children’s Medical Center of Northwest Ohio is a division and Wildwood Medical Center
  - ◆ Central Region Properties, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital.
- The Toledo Hospital Foundation f/k/a ProMedica Foundation, an Ohio nonprofit corporation
- Toledo Children’s Hospital Foundation, an Ohio nonprofit corporation
- Flower Hospital, an Ohio nonprofit corporation
- Flower Hospital Foundation, an Ohio non-profit corporation
- PHS Ventures, Inc.
- St. Luke’s Hospital, an Ohio non-profit corporation
  - ◆ Corba Ventures, LLC
- St. Luke’s Foundation, an Ohio non-profit corporation

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- Care Enterprises, Inc., an Ohio non-profit corporation
- Physicians Advantage, MSO, Inc., a for-profit corporation
- Care Holding Corporation, a for-profit corporation
- Wildwood Medical Center Foundation, an Ohio non-profit corporation

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